

***Proposed Municipal Services Review and
Sphere of Influence Review for the City of
Rancho Santa Margarita (MSR 05-24 and
SOI 05-26)***

City of Rancho Santa Margarita

BACKGROUND

The attached report includes the Municipal Service Review (MSR) and Sphere of Influence (SOI) update for the City of Rancho Santa Margarita. LAFCOs are required by statute (Government Code Section 56430) to conduct MSRs as a way to assist agencies and residents by: (1) evaluating existing municipal services, and (2) identifying any future constraints or challenges that may impact service delivery in the next 15 to 20 years.

LAFCOs are also required to complete Sphere of Influence (SOI) reviews in conjunction with Municipal Service Reviews for each city and special district at least once every five years. SOIs identify a city's ultimate service boundary within a 15-year time horizon. An SOI is used as a long range planning tool that guides future LAFCO decisions on individual jurisdictional boundary changes, incorporation proposals, district formation, and proposals for consolidation, merger, or formation of subsidiary districts.

MUNICIPAL SERVICE REVIEW (MSR)

No significant service related issues were identified for the City of Rancho Santa Margarita. Staff recommends that the Commission receive and file the MSR report⁴ and adopt the nine MSR determinations (Attachment A).

SPHERE OF INFLUENCE (SOI)

The City of Rancho Santa Margarita is located along the foothills of the Santa Ana Mountains east of the City of Mission Viejo and north of the Rancho Mission Viejo planned development. The City is a general law city with a council-manager form of government.

Although the City of Rancho Santa Margarita incorporated in 2000 as Orange County's 33rd city, efforts to incorporate began in 1995 when the RSM Cityhood Committee, a community organization, began the official cityhood process. During incorporation several alternative boundaries for the city, which included the combinations of surrounding unincorporated communities, were analyzed. When LAFCO approved the incorporation of Rancho Santa Margarita, the boundaries of the new city included the planned communities of Rancho Santa Margarita and Rancho Trabuco (which was the proposal as submitted by the incorporation proponents), Robinson Ranch, Trabuco Highlands, Walden, Rancho Cielo and Dove Canyon. LAFCO determined that inclusion of these areas brought financial advantages to the incorporation and united a "community of interest" that might have otherwise remained unincorporated.

LAFCO also examined other unincorporated communities including Coto de Caza, Wagon Wheel and Las Flores in the incorporation but concluded that their inclusion negatively affected

⁴ Under separate cover

the financial feasibility of the incorporation. In addition residents opposed inclusion and the final city boundaries and SOI did not include Coto de Caza, Wagon Wheel or Las Flores.

However access to the northern entrance to Coto de Caza/ Wagon Wheel is exclusively through transportation facilities in Rancho Santa Margarita. Proximity and a common transportation network have ensured a high level of social and economic interaction between Coto de Caza and Rancho Santa Margarita. As an example, recently some residents in Coto approached the City about contracting opportunities to increase the current level of police services. Coto de Caza is geographically separated from the planned development areas in Rancho Mission Viejo; therefore, future government structure options that the Rancho Mission Viejo development establishes would be less feasible than options with the City of Rancho Santa Margarita.

During the stakeholder working group process, LAFCO staff noted that it would be their future recommendation that Coto de Caza and Wagon Wheel be placed in the sphere of influence of the City of Rancho Santa Margarita. The City of Rancho Santa Margarita expressed concerns about the fiscal impacts of eventually annexing Coto de Caza to the city. While the negative fiscal impacts of annexation might be ameliorated with formation of a CSA or CSD by Coto residents (since formation would require approval of a funding source for enhanced services), the fiscal impacts to the City of Rancho Santa Margarita are still an issue. While LAFCO staff believes that Coto de Caza and Wagon Wheel should ultimately be in the SOI of the City of Rancho Santa Margarita, it is recommended that the Commission consider the inclusion of both communities in the City of Rancho Santa Margarita's SOI in the next five-year MSR/SOI cycle in the event that changes are made in the financial incentives for annexation of developed areas.

LAFCO staff is also recommending a change in the SOI in the northern portion of the City. At the time of incorporation, LAFCO included an additional area in the City's SOI, the Acetic Cecity Nursery, which was located north of the city and adjacent to Robinson Ranch. It was included in the SOI because it has a land use designation similar to surrounding development, was flat and was expected to be developed within the next 10 to 15 years. The current SOI follows Trabuco Creek Road northerly and then easterly to meet the northernmost border of Robinson Ranch.

After incorporating the City adopted a General Plan which included the Acetic Cecity Nursery and additional territory south of Trabuco Creek Road extending west past Trabuco Canyon Road and north to Trabuco Creek Wash. Staff recommends that the City of Rancho Santa Margarita's SOI be amended to include all their General Plan area. The City is the only logical service provider to this area when it develops and it has the capacity to provide services. Future residents will use City services and facilities and will undoubtedly identify themselves with the City of Rancho Santa Margarita.

Therefore staff recommends that the sphere of influence for the City of Rancho Santa Margarita be expanded to include additional territory to the north of City to correspond with their General Plan boundaries and as shown on the attached map.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

LAFCO is the lead agency under CEQA for municipal service reviews. Staff recommends that the Commission consider municipal service review determinations exempt from CEQA under CEQA Guidelines §15262, Feasibility and Planning Studies. (Attachment B, Notice of Exemption.)

LAFCO is also the lead agency under CEQA for sphere of influence reviews. Staff completed an initial study and determined that adoption of a SOI for the City of Rancho Santa Margarita would not have a significant effect on the environment. A Draft Negative Declaration (Attachment C) was prepared and noticed in accordance with CEQA. Comments on the Draft Negative Declaration were received from the City of Rancho Santa Margarita and a response was prepared.

Additionally, staff recommends that the Commission certify that, based upon the Notice of Exemption and the Negative Declaration, the Municipal Service Review and Sphere of Influence Update will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code, and direct staff to file a de minimus statement with California Wildlife, Fish and Game (Attachment D).

RECOMMENDATIONS

Staff recommends that the Commission:

- Receive and file the Municipal Service Review for the City of Rancho Santa Margarita
- Adopt the nine determinations as required in the MSR for the City of Rancho Santa Margarita's MSR with the required determinations (Attachment A).
- Find the MSR exempt under CEQA (§15262) (Attachment B)
- Adopt the Draft Negative Declaration (Attachment C) for the proposed SOI update.
- Certify the De Minimus Impact Finding Statement for the California Wildlife, Fish and Game Department (Attachment D).
- Adopt the resolution approving a SOI for the City of Rancho Santa Margarita SOI and adding territory located to the north of the City (Attachment E) as shown on Exhibit 1.

MSR 05-24

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA**

**ADOPTING DETERMINATIONS AND RECEIVING AND FILING THE
MUNICIPAL SERVICE REVIEW FOR THE CITY OF RANCHO SANTA
MARGARITA**

February 8, 2006

On motion of Commissioner , duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission (“LAFCO”) adopt Spheres of Influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the Sphere of Influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence the Commission shall conduct Municipal Service Reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the Municipal Service Review (MSR 05-24) and an accompanying Sphere of Influence update for the City of Rancho Santa Margarita (SOI 05-26), and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the Municipal Service Review for the City of Rancho Santa Margarita (MSR 05-24) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the city; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set February 8, 2006 as the hearing date on this Municipal Service Review proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of a municipal service review for the City of Rancho Santa Margarita ; and

WHEREAS, this Commission called for and held a public hearing on the proposal on February 8, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, pursuant to the California Environmental Quality Act, the municipal service review for the City of Rancho Santa Margarita was determined to be exempt from CEQA under State CEQA Guidelines §15262, Feasibility and Planning Studies.

WHEREAS, LAFCO certified that based upon the Notice of Exemption, the municipal service review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) The municipal service review for the City of Rancho Santa Margarita (MSR 05-24) together with the written statement of determination, are determined to be exempt from the California Environmental Quality Act

(CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.

- b) The Commission directs the Executive Officer to file a Notices of Exemption as the lead agency under Section 15062.
- c) The municipal service review will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

Section 2. Determinations

- a) The Commission accepts the report for the municipal service review for the City of Rancho Santa Margarita (MSR 05-24) as presented to the Commission on February 8, 2006.
- b) The Executive Officer's staff report and recommendation for approval of the municipal service review for the City of Rancho Santa Margarita , dated February 8, 2006, are hereby adopted.
- b) The Commission has adopted the accompanying Statement of Determinations for the City of Rancho Santa Margarita , shown as "Attachment A-1."

Section 3. This review is assigned the following distinctive short-form designation:
 “Municipal Service Review for the City of Rancho Santa Margarita ”
 (MSR 05-24).

Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

STATE OF CALIFORNIA)
) SS.

COUNTY OF ORANGE)

I, , Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 8th day of February, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February, 2006.

Chair of the Orange County
Local Agency Formation Commission

By: _____

SERVICE REVIEW DETERMINATIONS

1) Growth & Population Projections

The city is projected to experience an increase of approximately 7,000 people over the next 25 years.

2) Infrastructure Needs & Deficiencies

The future growth projected for the city will not significantly increase the demand for additional municipal level services. The City of Rancho Santa Margarita reviews infrastructure needs annually through its budget and capital improvement program to ensure that those services which the city provides will be provided concurrently with expected need. The city works closely with the agencies and contractors providing other services to ensure that the goals of the city's General Plan regarding service levels are adequately met.

3) Financing Opportunities & Constraints

The impact of the local revenues shift to the State from the City of Rancho Santa Margarita will result in reductions in city revenues. No other significant financing issues were noted.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

No significant issues were noted at this time. However, the social and economic ties between the unincorporated communities of Coto de Caza and Wagon Wheel should be considered in future updates to the City's sphere of influence.

6) Local Accountability & Governance

The City of Rancho Santa Margarita follows standard processes for accountability to the public. The city council, as the formal governing body, is elected and conducts regularly scheduled public meetings. The city maintains a website that includes contact information and links to services and local events.

7) Opportunities for Cost Avoidance

The City of Rancho Santa Margarita currently contracts with other public agencies and private entities for those services when cost/benefit studies have demonstrated a savings to the city by avoiding overhead, infrastructure, and associated management costs.

8) Opportunities for Management Efficiencies

No significant issues were noted.

9) Opportunities for Shared Facilities

No significant issues were noted.

PRELIMINARY EXEMPTION ASSESSMENT

(Certificate of Determination when attached to Notice of Exemption)

1. Name or description of project:

South County Municipal Services Review and Governance Strategy

2. Project location: (identify street address and/or cross streets or attach a map showing the project site)

The municipal service review and governance strategy study area generally includes the South Orange County area from the northern boundaries of the Cities of Mission Viejo and San Juan Capistrano and sweeping south to the county line. It includes the cities and special districts providing essential services as well as the County of Orange. Three unincorporated communities included in the study area – Coto de Caza/Wagon Wheel, Ladera Ranch, and Las Flores – have matured and are at or near build-out. These communities are not currently within the sphere of influence of any city; the County is the primary municipal service provider.

3. Entity or person undertaking project: (include name of contact person, address, and phone number)

Local Agency Formation Commission (LAFCO)

Kim Koeppen, Project Manager

12 Civic Center Plaza, Rm. 235

Santa Ana, CA 92701

(714) 834-2556

4. Staff determinations:

The Commission's staff, having undertaken and completed a preliminary review of this project in accordance with the Commission's "Local Guidelines for Implementing the California Environmental Quality Act (CEQA)," has concluded that this project does not require further environmental assessment because:

- a. ☒ The proposed action does not constitute a project under CEQA.
- b. ☐ The project is a Ministerial Project.
- c. ☐ The project is an Emergency Project.
- d. ☒ The project constitutes a feasibility or planning study.
- e. ☒ The project is categorically exempt. (Applicable Exemption Class: Class 6, State CEQA Guidelines Section 15306)
- f. ☒ The project is statutorily exempt. (Applicable Exemption: State Code Sections 21102, 21150; Guidelines Sec. 15262)
- g. ☒ The project is otherwise exempt on the following basis: State CEQA Guidelines Section 15061(b)(3).
- h. ☐ The project involves another public agency which constitutes the Lead Agency. (Name of Lead Agency:)

Date: February 1, 2006

Signature: _____
Kim Koeppen, Project Manager
Orange County Local Agency Formation Commission
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701

(714) 834-2556

NOTICE OF EXEMPTION

TO: ☐ Clerk of the Board of
Supervisors

or

☐ County Clerk
County of: Orange

FROM: Orange County Local Agency
Formation Commission
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701

1. Project Title: Municipal Service Review and Governance Strategy for South Orange County
2. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 ½' topographical map identified by quadrangle name): The municipal service review/governance strategy study area generally includes the South Orange County area from the northern boundaries of the Cities of Mission Viejo and San Juan Capistrano and sweeping south to the county line. It includes the cities and special districts providing essential services as well as the County of Orange. Three unincorporated communities included in the study area – Coto de Caza/Wagon Wheel, Ladera Ranch, and Las Flores – have matured and are at or near build-out. These communities are not currently within the sphere of influence of any city; the County is the primary municipal service provider.
3. (a) Project Location -- City: (b) Project Location - County: Orange
4. Description of nature, purpose, and beneficiaries of Project: In accordance with Government Code Section 56430, LAFCO is required to conduct regional studies on future growth and make written determinations about municipal services and how local agencies are planning for future growth within our municipal services and infrastructure systems.
5. Name of Public Agency approving project: Orange County Local Agency Formation Commission
6. Name of Person or Agency carrying out project: Orange County Local Agency Formation Commission
7. Exempt status: (Check one)
 - (a) ☐ Ministerial project.
 - (b) ☒ Not a project.
 - (c) ☐ Emergency Project.
 - (d) ☒ Categorical Exemption. State type and class number: Class 6, State CEQA Guidelines Section 15306
 - (e) ☐ Declared Emergency.

- (f) ☒ Statutory Exemption. State Code section number: State Code Section Number: Feasibility or planning studies for possible future actions that the Commission has not approved, adopted, or funded. (Sections 21102, 21150; Guidelines Sec. 15262)
- (g) ☒ Other. Explanation: State CEQA Guidelines Section 15061(b)(3).

8. Reason why project was exempt: The Commission has determined that the municipal service review/governance strategy is not a "project" within the meaning of the California Environmental Quality Act (CEQA) because conducting a municipal service review/governance strategy does not have any potential to cause an adverse change in the environment. To the extent that it may be so considered, it is exempt from the provisions of CEQA. First, the municipal service review/governance strategy is merely a planning study for possible future actions that have not been approved, adopted or funded, and therefore, conducting a municipal service review/governance strategy is statutorily exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15262.

Second, the municipal service review/governance strategy is Categorically Exempt from CEQA pursuant with Section 15306 of the Guidelines which exempts basis data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. This exemption may be used strictly for information gathering purposes, or as part of a study leading to an action which a public agency (LAFCO) has not yet approved, adopted or funded. The information gathered for the municipal service review/governance strategy will not have an effect upon an environmental resource.

Third, the Commission has determined that the municipal service review/governance strategy is also covered by the general rule of CEQA, Section 15061(b)(3) of the CEQA Guidelines that states that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The South County municipal service review/governance strategy evaluates the identified cities and districts current operations and does not propose any changes or organization or reorganization. As a result, the municipal service review/governance strategy will not have any impact upon the environment and therefore is not subject to CEQA.

9. Contact Person: Kim Koeppen
Telephone: (714) 834-2556

10. Attach Preliminary Exemption Assessment before filing.

Date Received for Filing: February 1, 2006

Joyce Crosthwaite
LAFCO Executive Officer

NOTICE OF INTENT TO ADOPT A NEGATIVE DECLARATION

Notice is hereby given that ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION, LAFCO, has completed an Initial Study of the proposed sphere of influence update for the City of Rancho Santa Margarita.

In accordance with the Commission's Guidelines implementing the California Environmental Quality Act. The Initial Study was undertaken for the purpose of deciding whether the project may have a significant effect on the environment. On the basis of such Initial Study, the Local Agency Formation Commission has concluded that the project will not have a significant effect on the environment, and has therefore prepared a Draft Negative Declaration. The Initial Study reflects the independent judgment of the Commission. The project site is not on a list compiled pursuant to Government Code section 65962.5. Copies of the Initial Study and Draft Negative Declaration are on file at the Commission's office, located at 12 Civic Center Plaza, Rm. 235, Santa Ana, CA 92701 and are available for public review. Comments will be received until the close of the public hearing on the item at the Local Agency Formation Commission meeting on February 8, 2006. Any person wishing to comment on this matter may submit written comments to the Commission prior to the public hearing, or may present oral comments in support or opposition at the time of the hearing. Comments from responsible agencies are encouraged.

At its meeting on Wednesday, February 8, 2006 at 9:00 am at 10 Civic Center Plaza, Santa Ana, CA 92701, the Local Agency Formation Commission will consider the sphere of influence review and update of the City of Rancho Santa Margarita and respective Draft Negative Declaration. If the Commission finds that the project will not have a significant effect on the environment, it may adopt the Negative Declaration and proceed with consideration of the above-project without the preparation of an Environmental Impact Report.

Please note, available legal remedies may be limited to only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the Commission at, or prior to, the public hearing.

Date Received
for Filing: January 3, 2006

Joyce Crosthwaite
Executive Officer
Orange County LAFCO

ENVIRONMENTAL CHECKLIST FORM

1. Project Title: City of Rancho Santa Margarita Sphere of Influence Update
2. Lead Agency Name and Address:
Orange County LAFCO
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701
3. Contact Person and Phone Number: Kim Koeppen, Project Manager, (714) 834-2556
4. Project Location: The City of Rancho Santa Margarita contains approximately 13 square miles (8,280 acres) in its corporate boundary. The sphere of influence for the City of Rancho Santa Margarita is currently coterminous with the city boundaries with the exception of a portion of undeveloped territory located in the northeast corner of the city's sphere of influence south of Trabuco Creek Road.
5. Project Sponsor's Name and Address:
Orange County LAFCO
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701
6. General Plan Designation: Residential, Commercial and Business, Public/Quasi-Public Facilities, Open Space and Other (Future Planned Communities)
7. Zoning: Low (LDR), Low-Medium (LMDR), Medium (MDR) and High Density Residential (HDR), General Commercial (C), Neighborhood Commercial (NC), Business Park (BP), Community Facility (CF), Parks (P), Open Space (OS), Open Space Golf (OSG), Regional Open Space (ROS), Future Planned Communities (FPC)
8. Description of Project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheet(s) if necessary.)

Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the proposed update of the City of Rancho Santa Margarita's sphere of influence. The proposed sphere of influence update would extend the city's existing sphere of influence which includes the existing City corporate boundaries and unincorporated territory located in the northeast corner of the SOI to also include additional unincorporated territory north of the city's sphere. The negative declaration confirms the findings of the associated initial study that the proposed project (the City of Rancho Santa Margarita sphere of influence update) will not have a significant effect on the environment.

In accordance with Government Code Section 56425 and the LAFCO Sphere of Influence Policy, LAFCO is required to review an agency's sphere of influence every five years in conjunction with conducting municipal service reviews. LAFCO is required to establish a sphere of influence to identify probable future boundaries and service areas of all cities and special districts.

LAFCO is recommending that the existing City of Rancho Santa Margarita sphere of influence be extended to include additional unincorporated territory located north of the sphere. Amending the sphere to include this area would conform to the city's existing general plan.

9. Surrounding Land Uses and Setting: The city's boundaries were determined at the time of incorporation on January 1, 2000 based on a comprehensive analysis that identified the most fiscally sound alternative at the time. The city is bounded by the City of Mission Viejo to the west, with unincorporated area on the south, east, and north. The city's boundaries extend around the unincorporated community of Coto de Caza.
10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement):
None

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- | | | |
|---------------------------------|--------------------------------------|----------------------------|
| ~ Aesthetics | ~ Agriculture Resources | ~ Air Quality |
| ~ Biological Resources | ~ Cultural Resources | ~ Geology / Soils |
| ~ Hazards & Hazardous Materials | ~ Hydrology / Water Quality | ~ Land Use / Planning |
| ~ Mineral Resources | ~ Noise | ~ Population / Housing |
| ~ Public Services | ~ Recreation | ~ Transportation / Traffic |
| ~ Utilities / Service Systems | ~ Mandatory Findings of Significance | |

DETERMINATION (To be completed by the Lead Agency):

On the basis of this initial evaluation:

- ✓ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- ~ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- ~ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- ~ I find that the proposed project MAY have a "potentially significant or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

- ~ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

Joyce Crosthwaite, Executive Officer
Printed Name

January 3, 2006

Date

Orange County LAFCO
For

DRAFT

EVALUATION OF ENVIRONMENTAL IMPACTS:

The following is the environmental checklist form presented in Appendix G of the CEQA Guidelines. The checklist form is used to describe the potential environmental impacts of the proposed project with respect to 17 factors prescribed for consideration. For this checklist, the following four designations are used:

- **Potentially Significant Impact:** An impact that could be significant, and for which no mitigation has been identified. If any potentially significant impacts are identified, an EIR must be prepared.
- **Potentially Significant Unless Mitigation Incorporated:** An impact that requires mitigation to reduce the impact to a less-than-significant level.
- **Less-Than-Significant Impact:** Any impact that would not be considered significant under CEQA relative to existing standards.
- **No Impact:** The project would not have any impact.

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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I. AESTHETICS. Would the project:

- | | | | | |
|--|---|---|---|---|
| a) Have a substantial adverse effect on a scenic vista? | ~ | ~ | ~ | ✓ |
| b) Substantially damage scenic resources, including, but not limited to, tress, rock outcroppings, and historic buildings within a state scenic highway? | ~ | ~ | ~ | ✓ |
| c) Substantially degrade the existing visual character or quality of the site and its surroundings? | ~ | ~ | ~ | ✓ |
| d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area? | ~ | ~ | ~ | ✓ |

Discussion: The project will not result in any significant direct or cumulative impacts on the aesthetics of the project area. This includes not adversely affecting scenic vistas, damaging scenic resources, degrading visual character, or creating new sources of light.

II. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?
- b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?
- c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?

~	~	~	✓
~	~	~	✓
~	~	~	✓

Discussion: The proposed project will not cause any specific new developments to be undertaken and will not result in any significant direct or cumulative impacts on the agricultural resources of the project area.

III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:

- a) Conflict with or obstruct implementation of the applicable air quality plan?
- b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?
- c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?
- d) Expose sensitive receptors to substantial pollutant concentrations?

~	~	~	✓
~	~	~	✓
~	~	~	✓
~	~	~	✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- d) Create objectionable odors affecting a substantial number of people?

~ ~ ~ ✓

Discussion: The project will not result in any significant direct or cumulative impacts on the air quality within the project area. This includes not violating air quality standards or creating objectionable odors.

IV. BIOLOGICAL RESOURCES. Would the project:

- a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?

~ ~ ~ ✓

- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?

~ ~ ~ ✓

- c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

~ ~ ~ ✓

- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

~ ~ ~ ✓

- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

~ ~ ~ ✓

~ ~ ~ ✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

V. CULTURAL RESOURCES. Would the project:

- | | | | | |
|--|---|---|---|---|
| a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5? | ~ | ~ | ~ | ✓ |
| b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5? | ~ | ~ | ~ | ✓ |
| c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? | ~ | ~ | ~ | ✓ |
| d) Disturb any human remains, including those interred outside of formal cemeteries? | ~ | ~ | ~ | ✓ |

Discussion: The project will not result in any significant direct or cumulative impacts on the cultural resources of the project area.

VI. GEOLOGY AND SOILS -- Would the project:

- | | | | | |
|--|---|---|---|---|
| a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving: | ~ | ~ | ~ | ✓ |
| i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42. | ~ | ~ | ~ | ✓ |
| ii) Strong seismic ground shaking? | ~ | ~ | ~ | ✓ |
| iii) Seismic-related ground failure, including liquefaction? | ~ | ~ | ~ | ✓ |
| iv) Landslides? | ~ | ~ | ~ | ✓ |
| b) Result in substantial soil erosion or the loss of topsoil? | ~ | ~ | ~ | ✓ |

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?

~ ~ ~ ✓

- d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?

~ ~ ~ ✓

- e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

~ ~ ~ ✓

Discussion: The sphere of influence update will not result in any significant direct or cumulative impacts on the geology or soils of the project area including contributing to soil erosion or exposing individuals or structures to loss, such as injury or death, resulting from earthquakes or landslides.

VII. HAZARDS AND HAZARDOUS MATERIALS.

Would the project:

- a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

~ ~ ~ ✓

- b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?

~ ~ ~ ✓

- c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?

~ ~ ~ ✓

- d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

~ ~ ~ ✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?

~

~

~

✓

f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?

~

~

~

✓

g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

~

~

~

✓

h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

~

~

~

✓

Discussion: Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area.

VIII. HYDROLOGY AND WATER QUALITY. Would the project:

a) Violate any water quality standards or waste discharge requirements?

~

~

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✓

b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?

~

~

✓

~

c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?

~

~

~

✓

Issues:

- d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?
- e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?
- f) Otherwise substantially degrade water quality?
- g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?
- h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?
- i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?
- j) Inundation by seiche, tsunami, or mudflow?

Discussion: Adoption of an updated, extended sphere of influence for the City of Rancho Santa Margarita will not result in a depletion of groundwater supplies, alteration of existing drainage patterns, creation of runoff water, exposure of people to a significant risk of flooding nor will it result in a net deficit in aquifer volume.

IX. LAND USE AND PLANNING. Would the project:

- a) Physically divide an established community?
- b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------	--	------------------------------	-----------

~	~	~	✓
~	~	~	✓
~	~	~	✓
~	~	~	✓
~	~	~	✓
~	~	~	✓
~	~	~	✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- c) Conflict with any applicable habitat conservation plan or natural community conservation plan?

~ ~ ~ ✓

Discussion: The proposed sphere update would extend the City's existing sphere of influence to include unincorporated territory north of the existing sphere boundary. The area is currently in the city's general plan. Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to land use planning within the project area.

X.MINERAL RESOURCES. Would the project:

- a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?
- b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

~ ~ ~ ✓

~ ~ ~ ✓

Discussion: The project will not result in any significant direct or cumulative impacts on the mineral resources of the project area. This includes not incurring the loss of known valuable mineral resources.

XI. NOISE. Would the project result in:

- a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?
- b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?
- c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

~ ~ ~ ✓

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

~ ~ ~ ✓

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

~ ~ ~ ✓

Discussion: The project will not result in any significant direct or cumulative impacts on noise levels within the project area. This includes not exposing individuals to excess groundborne vibrations or substantially increasing ambient noises, whether temporary, periodical, or permanent.

XII. POPULATION AND HOUSING. Would the project:

a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?

~ ~ ~ ✓

b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?

~ ~ ~ ✓

b) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

~ ~ ~ ✓

Discussion: A city's sphere of influence identifies the ultimate service area of that city. Updating a sphere of influence has no affect on land use, and will not result in any substantial population growth or displacement of housing or people.

XIII. PUBLIC SERVICES. Would the project:

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

Fire protection?	~	~	~	✓
Police protection?	~	~	~	✓
Schools?	~	~	~	✓
Parks?	~	~	~	✓
Other public facilities?	~	~	~	✓

Discussion: The proposed sphere of influence update will have no significant adverse impacts on government facilities providing fire, police, schools, park or other public facilities. The proposed sphere of influence update extends the existing city SOI which includes the city's corporate boundaries and an unincorporated territory in the northeast corner of the current sphere boundaries. The extension would include unincorporated territory currently in the city's general plan but outside the sphere. The proposed sphere update will not result in a change of service providers to either the City of Rancho Santa Margarita or the unincorporated territory within the city's SOI.

XIV. RECREATION. Would the project:

- a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?
- | | | | |
|---|---|---|---|
| ~ | ~ | ~ | ✓ |
|---|---|---|---|

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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- b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which have an adverse physical effect on the environment?

~ ~ ~ ✓

Discussion: The project will not result in any significant direct or cumulative impacts on recreational services within the project area including increasing the use of existing neighborhood and regional parks.

XV. TRANSPORTATION / TRAFFIC. Would the project:

- a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?
- b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?
- c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?
- d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?
- e) Result in inadequate emergency access?
- f) Result in inadequate parking capacity?

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?

~ ~ ~ ✓

Discussion: The project will not result in any significant direct or cumulative impacts relating to transportation or circulation within the project area. This includes not causing an increase in street or air traffic patterns, creating inadequate emergency access or parking capacity, or conflicting with adopted transportation policies.

XVI. UTILITIES AND SERVICE SYSTEMS. Would the project:

- a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?
- b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?
- c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?
- d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?
- e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?
- f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

~ ~ ~ ✓

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

- g) Comply with federal, state, and local statutes and regulations related to solid waste?

~ ~ ~ ✓

Discussion: Water and sewer service is provided to Rancho Santa Margarita residents through the City of Rancho Santa Margarita Water Department or by the Santa Margarita Water District (SMWD) serving the Talega portion of the city. The proposed sphere of influence update will have no impact on the ability of the City or SMWD to serve existing customers.

XVII. MANDATORY FINDINGS OF SIGNIFICANCE

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat or a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?

~ ~ ~ ✓

- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current project, and the effects of probable future projects.)

~ ~ ~ ✓

- c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

~ ~ ~ ✓

Discussion: The project would not result in any significant direct or cumulative impacts relating to mandatory findings of significance within the project area. This includes not degrading the quality of the environment or causing substantial adverse effects on individuals, whether directly or indirectly.



CITY OF RANCHO SANTA MARGARITA

RECEIVED
JAN 23 2006

LOCAL AGENCY FORMATION COMMISSION

January 17, 2006

Mayor

James M. Thor

Mayor Pro Tempore

L. Anthony Beall

Council Members

Neil C. Blais

Gary Thompson

Jerry Holloway

City Manager

Steven E. Hayman

Joyce Crosthwaite
Executive Officer
Orange County LAFCO
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701

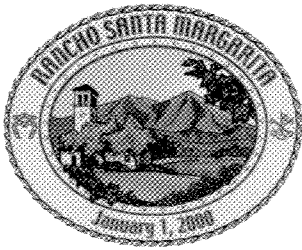
RE: Comments on the Draft Negative Declaration for the City of Rancho Santa Margarita Sphere of Influence Update

Dear Ms. Crosthwaite:

Thank you for the opportunity to review and comment on the Draft Negative Declaration for the City of Rancho Santa Margarita Sphere of Influence Update.

Based on the City's review of the EIR, the City has the following concerns and comments:

- 1) The zoning designations listed on page 2 of the draft Negative Declaration are based on the City's draft Zoning Code. These designations have not been adopted. Therefore, the following zoning designations should be used: Dove Canyon Planned Community, Rancho Santa Margarita Planned Community, Rancho Trabuco Planned Community, Robinson Ranch Planned Community and Planned Development District (PD).
- 2) The reference on page 2 of the draft Negative Declaration to expand the City's Sphere of Influence to also include additional unincorporated territory north of the City's sphere should include a map reference with an attachment. The City is in support of this expanded Sphere of Influence provided it incorporates the map provided as Attachment A to this letter, which is the City's Land Use Element Map from the General Plan.
- 3) Page 10 of the draft Negative Declaration states that expanding the City's Sphere of Influence will cause "less than significant impact" to "substantially deplete groundwater supplies or interfere substantially with



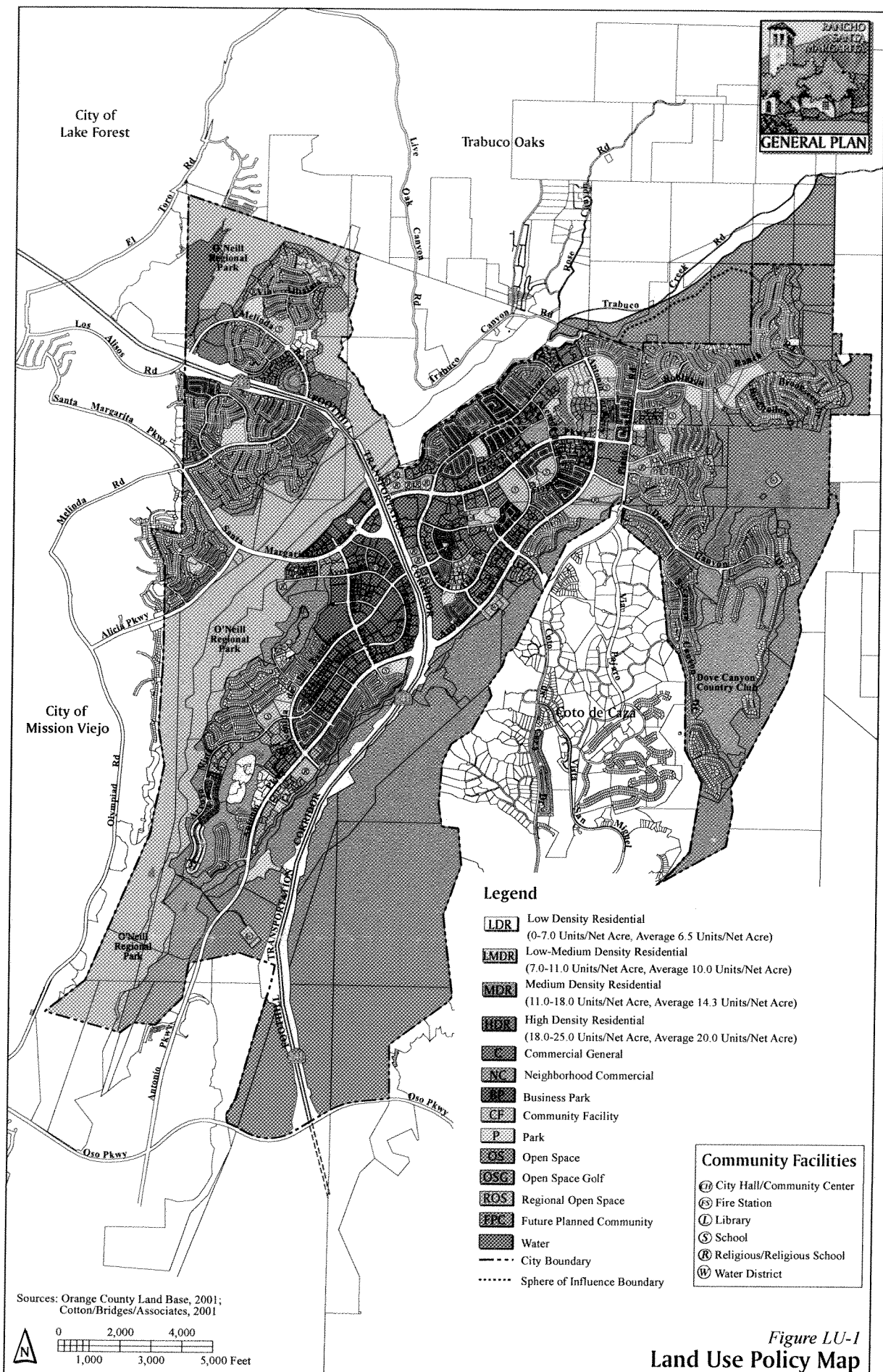
groundwater recharge such that there would be a net deficit of the local groundwater table level. While the City does not necessarily agree or disagree with this assessment, the City requests that LAFCO provide additional information substantiating this claim.

Thank you once again for the opportunity to respond to the Draft Negative Declaration. Please forward a copy of the Final Negative Declaration and a written response to this letter when it becomes available. In addition, the City would like to receive a copy of any public information and to be informed of any public meetings or hearings related to this project.

Sincerely,

Kathy Graham
Interim Planning Director

cc: Steven E. Hayman, City Manager
Rancho Santa Margarita City Council
Rancho Santa Margarita Planning Commission



**Response to Comments made by the City of Rancho Santa Margarita
regarding the draft negative declaration for sphere of influence update.**

Comments Noted.

Response to comment #3 regarding Page 10, Section VII, Hydrology and Water
Quality:

*While none of the actions involved in this project will directly impact hydrology or water
quality, water resources and water quality are a regional issue and as such, should be addressed
comprehensively. Several regional agencies, including the Regional Water Quality Control
Board, are addressing the issue.*

Issues:

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	-----------

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?

~ ~ ~ ✓

f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?

~ ~ ~ ✓

g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

~ ~ ~ ✓

h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

~ ~ ~ ✓

Discussion: Updating the agency's sphere of influence will not result in any significant direct or cumulative impacts with respect to creating hazards or hazardous materials within the project area.

VIII. HYDROLOGY AND WATER QUALITY. Would the project:

a) Violate any water quality standards or waste discharge requirements?

~ ~ ~ ✓

b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?

~ ~ ✓ ~

c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?

~ ~ ~ ✓

ATTACHMENT D

CERTIFICATE OF FEE EXEMPTION De Minimis Impact Finding

Project Title/Location (include county): City of Rancho Santa Margarita Sphere of Influence Update.

Name and Address of Project Applicant:

Orange County Local Agency Formation Commission (LAFCO)
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701

Project Description: Pursuant to California Code of Regulations, Title 14, Section 15074, the Commission will review and consider the adoption of a negative declaration relating to the proposed update of the City of Rancho Santa Margarita's sphere of influence. The proposed sphere of influence update would extend the city's existing sphere of influence which includes the existing City corporate boundaries and unincorporated territory located in the northeast corner of the SOI to also include additional unincorporated territory north of the city's sphere. The negative declaration confirms the findings of the associated initial study that the proposed project (the City of Rancho Santa Margarita sphere of influence update) will not have a significant effect on the environment. In accordance with Government Code Section 56425 and the LAFCO Sphere of Influence Policy, LAFCO is required to review an agency's sphere of influence every five years in conjunction with conducting municipal service reviews. LAFCO is required to establish a sphere of influence to identify probable future boundaries and service areas of all cities and special districts. LAFCO is recommending that the existing City of Rancho Santa Margarita sphere of influence be extended to include additional unincorporated territory located north of the sphere. Amending the sphere to include this area would conform to the city's existing general plan.

Findings of Exemption:

1. An Initial Study and Negative Declaration has been prepared by LAFCO to evaluate the project's effects on wildlife resources, if any.
2. The Lead Agency hereby finds that there is no evidence before LAFCO that the project will have any potential for adverse effect on the environment.
3. The project will not result in any changes to the following resources:
 - (A) Riparian land, rivers, streams, watercourses and wetlands;
 - (B) Native and non-native plant life and the soil required to sustain habitat for fish and wildlife;
 - (C) Rare and unique plant life and ecological communities dependant on plant life;
 - (D) Listed threatened and endangered plants and animals and the habitat in which they are believed to reside;
 - (E) All species listed as protected or identified for special management in the Fish and Game Code, the Public Resources Code, the Water Code or regulations adopted thereunder;
 - (F) All marine and terrestrial species subject to the jurisdiction of the Department of Fish and Game and the ecological communities in which they reside; and
 - (G) All air and water resources, the degradation of which will individually or cumulatively result in a loss of biological diversity among the plants and animals residing in that air and water.

CERTIFICATION:

I hereby certify that LAFCO has made the above finding(s) of fact and based upon the Initial Study, the Negative Declaration and the hearing record, the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

Lead Agency Representative: Joyce Crosthwaite

Title: Executive Officer

Date: February 1, 2006

SOI 05-26

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA**

**MAKING DETERMINATIONS AND APPROVING THE
SPHERE OF INFLUENCE FOR THE CITY OF RANCHO SANTA
MARGARITA**

February 8, 2006

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt Spheres of Influence for all agencies in its jurisdiction and to update those spheres every five years; and

WHEREAS, the Sphere of Influence is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code; and

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence the Commission shall conduct Municipal Service Reviews prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Orange County LAFCO staff has prepared a report for the Municipal Service Review (MSR 05-24), as an accompanying report to the Sphere of Influence update for the City of Rancho Santa Margarita (SOI 05-26) and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the report for the Sphere of Influence update for the City of Rancho Santa Margarita (SOI 05-26) contains statements of determination as required by California Government Code Section 56430 for the municipal services provided by the city; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set February 8, 2006 as the hearing date on this Sphere of Influence study proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposal consists of the designation of a sphere of influence for the City of Rancho Santa Margarita ; and

WHEREAS, this Commission called for and held a public hearing on the proposal on February 8, 2006, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56841; and

WHEREAS, pursuant to the California Environmental Quality Act, following the completion of an Initial Study, it was determined that the proposed project would not have a significant effect on the environment and a Negative Declaration was prepared; and

WHEREAS, LAFCO certified that based upon the Negative Declaration, the sphere of influence update will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) Following completion of an Initial Study, it was determined that adoption of a sphere of influence for the City of Rancho Santa Margarita would not have a significant environmental effect on the environment as determined by the California Environmental Quality Act. Accordingly, a Draft

Negative Declaration was prepared and noticed in accordance with existing guidelines for implementing CEQA.

- b) The Commission has reviewed the Draft Negative Declaration, and as lead agency, hereby adopts the Negative Declaration for the City of Rancho Santa Margarita Sphere of Influence update.
- c) The sphere of influence update will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.
- d) The Commission directs the Executive Officer to file a *de minimus* statement with California Wildlife, Fish and Game.

Section 2. Determinations

- a) The Commission accepts the report for the sphere of influence update for the City of Rancho Santa Margarita (SOI 05-26) as presented to the Commission on February 8, 2006.
- b) The Executive Officer's staff report dated February 8, 2006, the recommendation for approval of the sphere of influence update of the City of Rancho Santa Margarita , and the Statement of Determinations contained therein, are hereby adopted.
- c) The Commission has added additional territory to the City of Rancho Santa Margarita's current sphere of influence to include areas contained in the City General Plan and has reaffirmed the remainder of the City's sphere as shown on the attached map labeled "Exhibit 1."

Section 3. This review is assigned the following distinctive short-form designation: "Sphere of Influence Update for the City of Rancho Santa Margarita" (SOI 05-26).

Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

ATTACHMENT E

Statement of Determinations City of Rancho Santa Margarita Sphere of Influence

Present and Planned Land uses for the Area

The City of Rancho Santa Margarita is expected to increase its current population of almost 50, 263 by 14% by the year 2030 to 54, 175. Land uses are balanced among residential, commercial and open space uses.

Present and Probable Need for Public Facilities and Services

The extension of infrastructure and services is expected for future needs to be minimal. The City of Rancho Santa Margarita reviews infrastructure needs annually through its budget and capital improvement program to ensure that services are provided concurrently with need.

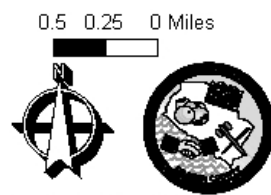
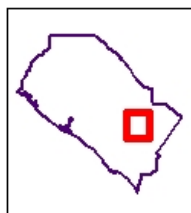
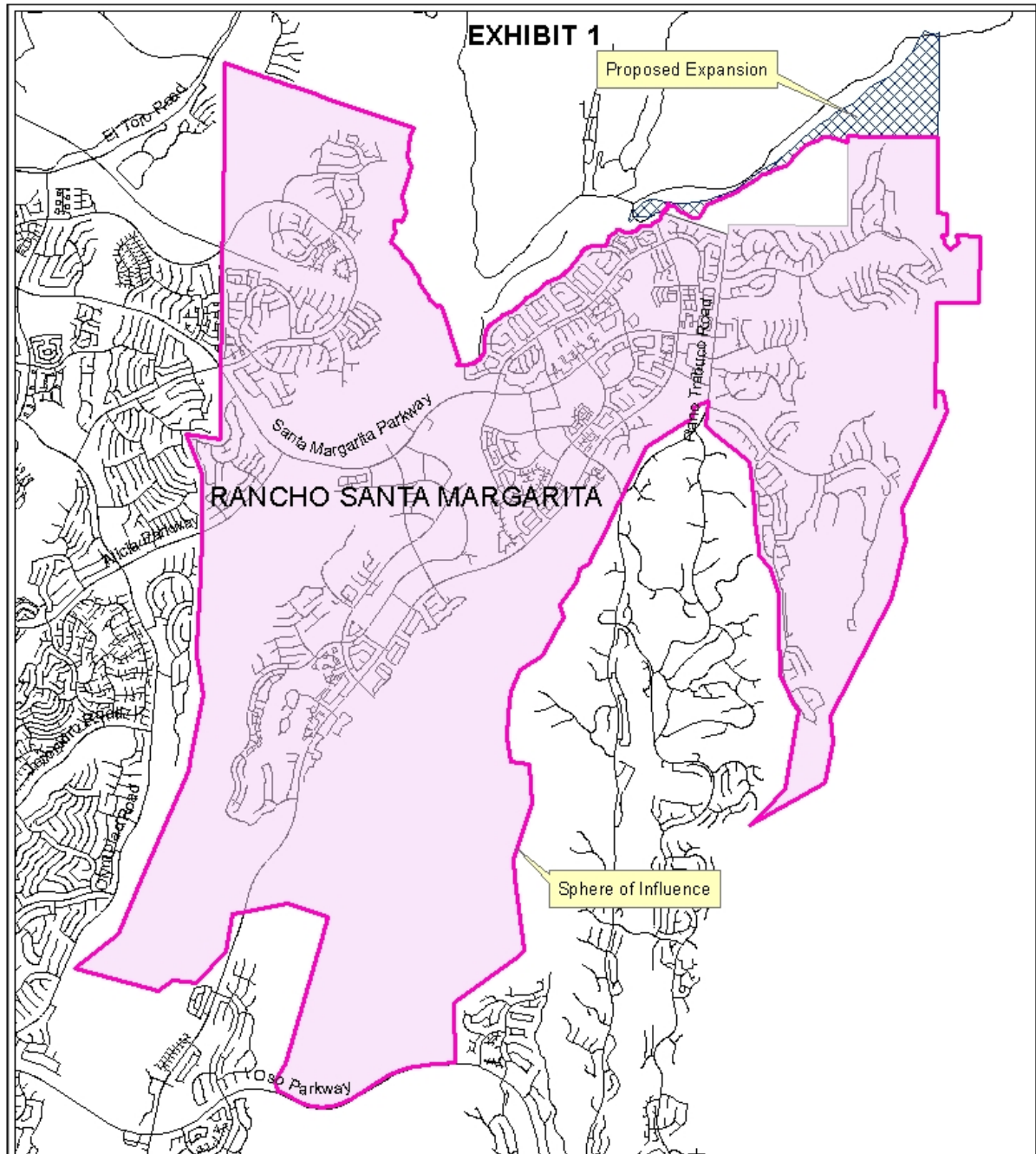
Present Capacity of Public Facilities and Adequacy of Public Services

In the 2005 Municipal Service Review (MSR) report, no significant infrastructure or service constraints were identified.

Social and Economic Communities of Interest

The City of Rancho Santa Margarita is bordered by the Cities of Mission Viejo and Lake Forest with the unincorporated communities of Coto de Caza and Wagon Wheel to the south as well as the planned development of Rancho Mission Viejo to the east. No communities of interest generally overlap existing city boundaries.

The residents of Coto de Caza and Wagon Wheel share social, economic ties with the City and proximity and a common transportation network strengthen the social and economic interactions. Future residents of the Rancho Mission Viejo development may establish social and economic communities of interest with the City Of Rancho Santa Margarita but there are none that currently exist.



City of Rancho Santa Margarita Proposed Sphere of Influence Expansion

Legend

- Sphere Boundary
- City Boundary
- Proposed Expansion to SOI

SOI Originally Adopted: 01/01/00
Last Reviewed: 01/01/00

01/06/06

Figure 1-1: Rancho Santa Margarita Sphere of Influence Expansion